PROVINCE OF
Prince Edward Island
Thirty-seventh
ANNUAL REPORT
for the year ended March 31st
1985
Liquor
Control Commission

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The Honourable George McMahon, Q.C.,
Minister,
Department of Justice, and Attorney-General,
Province of Prince Edward Island,
Charlottetown, P.E.I.

Sir:

I have the honor to submit the thirty-seventh Annual Report of the Prince Edward Island Liquor Control Commission covering the fiscal year April 1st, 1984, to March 31st, 1985.

Respectfully submitted,

A.B. Wood,
Chairman

General Remarks

The Commission is presently operating thirteen (13) retail outlets, of which eleven (11) are self-service in design and two (2) conventional. In addition, the Commission operates a Central Warehouse and Licensee Distribution Centre located in Parkdale, on the outskirts of Charlottetown.

The major objectives of the Commission are to provide the most efficient system of distribution of alcoholic beverages to the public, a high level of customer service, maximize revenues to the Minister of Finance, while keeping in mind Government policies.

The Commission was successful in improving productivity, reducing operational costs, increasing revenue to Government, while increasing customer service.

The Commission have directed their efforts towards improving productivity during the 1984-85 fiscal year. The success of this effort is measured by the fact that total operating expenses have been reduced despite an increase in employee rates of pay.

Management put in place an inventory control system which effectively reduced inventory by 15.2 per cent within the system with no reduction in service level.

For the fiscal year ended March 31, 1985, gross sales were forty-three million, three hundred and sixty-three thousand, eight hundred and ninety-six dollars. This is an increase of 5.0 per cent over 1983-84 fiscal year. Net profit for the year, plus health and sales taxes totalled nineteen million, two hundred and thirty thousand, one hundred and ninety-five dollars. This represents an increase of 4.2 per cent over 1983-84 fiscal year.

Cost of goods sold and operational expenses amounted to twenty-four million, three hundred and thirty-one thousand and eighty-nine dollars for the fiscal year 1984-85, an increase of 5.6 per cent over 1983-84.

The Licensing and Inspection Department carried out surveillance on all licensed premises during the fiscal year under review.

Two major areas of concern, minors and overserving, were closely monitored with the intent of reducing the number of occurrences.

Reports indicate licensees, for the most part, continue to operate in a satisfactory manner. Numerous meetings with staff of licensed premises were found to be very worthwhile.

There were twenty-five (25) new licenses issued during the fiscal year, while seven (7) were voluntarily surrendered.

The Commission acknowledges the valuable assistance of the Royal Canadian Mounted Police, Charlottetown Police Department, Summerside Police Department and all other law enforcement agencies throughout the Province, other Government Departments and last, but not least, Liquor Control Commission employees for their dedication and contribution to the efficient operation of the Commission during the year.

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
ANALYSIS OF SALES BY RETAIL STORES
(For the Year Ended March 31, 1985)

NET SALES

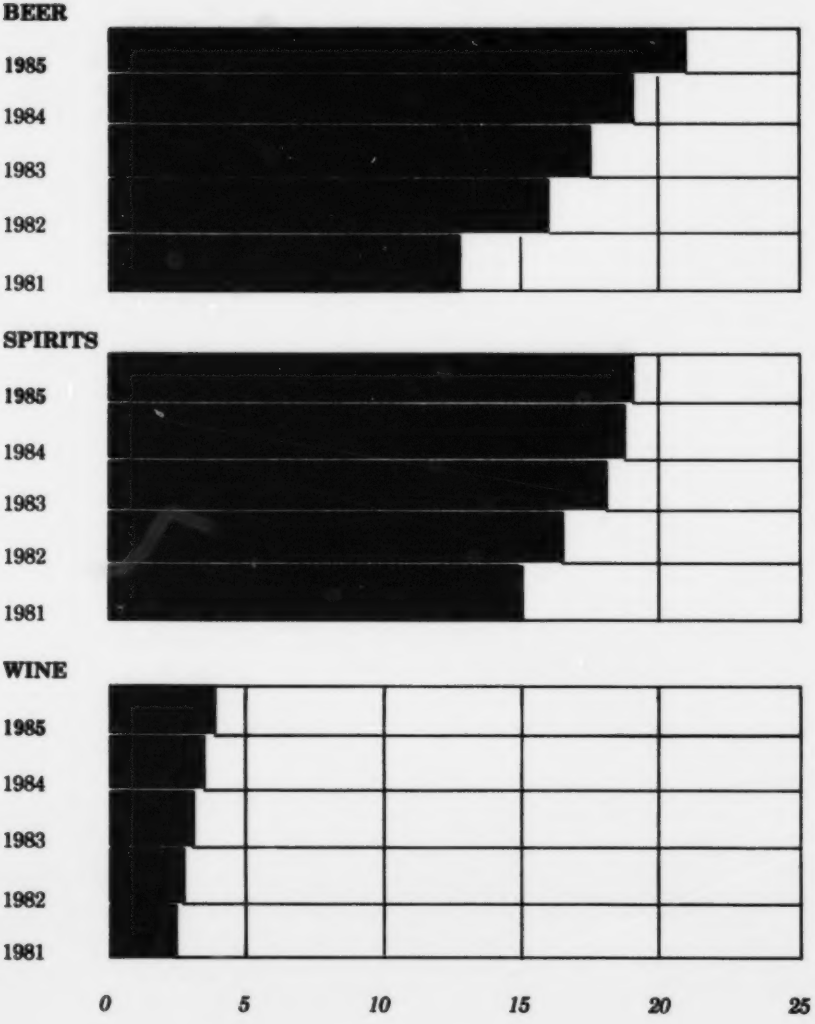
	Year ended March 31, 1985	Year Ended March 31, 1984	Increase or (Decrease)
Alberton	1,014,855.80	978,927.80	35,928.00
Borden	884,600.20	885,746.51	(1,146.31)
Cardigan	3,077,228.95	3,022,019.30	55,209.65
Ch'town - Queen St.	2,981,384.23	2,917,829.12	63,555.11
Kensington	1,026,991.28	933,517.38	93,473.90
Licensee Dist. Centre	3,629,389.99	3,401,456.70	227,933.29
North Rustico	1,262,436.48	1,159,930.56	102,505.92
O'Leary	846,633.13	788,927.20	57,705.93
Royalty Mall	5,735,621.52	5,368,253.13	367,368.39
Sherbrooke	3,512,563.07	3,400,609.06	111,954.01
Souris	1,570,709.97	1,528,880.81	41,829.16
Summerside	2,228,577.79	2,097,045.03	131,532.76
Tignish	1,036,053.94	997,331.60	38,722.34
Towers	3,877,712.68	3,628,804.87	248,907.81
Warehouse	66,774.96	117,438.28	(50,663.32)
	$32,751,533.99	$31,226,717.35	$1,524,816.64

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
SUMMARY OF PROFIT AND EXPENSE RATIOS (in 000's)
(For the Years Ended 1981-1985)

	1981	1982*	1983	1984	1985
Sales	29,922	35,073	38,904	41,303	43,364
Gross Profit	10,358	10,453	11,411	12,102	12,298
Net Profit	7,820	7,313	7,906	8,385	8,618
General and Administrative Expenses	2,697	3,315	3,676	3,914	3,877
Gross Profit as % of Sales	34.6	29.8	29.3	29.3	28.4
Net Profit as % of Sales	26.1	20.9	20.3	20.3	19.9
General and Administrative Expenses as % of Sales	9.0	9.0	9.4	9.5	8.9

* Provincial Health Tax change

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
RETAIL VALUES OF LIQUOR SOLD IN P.E.I.
(For the Years 1981-1985)



(Retail Value in Millions)

COMPARATIVE STATEMENT

	Gross Sales	Health Tax	Sales Tax	Gross Profit	Net Profit
1963	4,998,654	436,246	199,946	1,586,532	1,439,837
1964	5,381,463	465,079	265,593	1,679,073	1,524,410
1965	5,975,134	516,034	298,757	1,925,402	1,730,387
1966	6,570,884	567,485	328,544	2,111,001	1,855,305
1967	7,273,136	628,138	363,659	2,330,301	2,025,426
1968	8,190,658	707,375	409,533	2,703,928	2,332,440
1969	9,038,301	780,581	451,915	3,000,284	2,606,209
1970	9,738,688	825,960	653,127	3,239,826	2,806,100
1971	10,639,885	899,554	744,792	3,554,861	3,056,251
1972	11,912,815	995,573	952,287	4,030,737	3,471,592
1973	13,614,618	1,137,732	1,088,265	4,701,365	3,981,712
1974	15,682,662	1,311,641	1,254,613	5,439,661	4,474,827
1975	17,977,409	1,503,565	1,438,193	6,138,729	4,985,202
1976	21,371,136	1,787,404	1,709,691	7,240,505	5,767,823
1977	21,620,540	1,843,287	1,344,387	7,466,755	5,793,464
1978	24,287,799	2,005,822	1,500,260	8,366,564	6,482,257
1979	25,258,836	2,156,123	1,541,483	8,716,321	6,688,570
1980	27,602,661	2,354,594	1,702,124	9,783,207	7,506,780
1981	29,922,380	2,662,073	2,055,181**	10,358,624	7,819,513
1982	35,072,507	6,120,627	2,440,237	10,452,764	7,313,442
1983	38,904,314	6,819,570	2,688,211	11,410,630	7,906,428
1984	41,303,258	7,249,723	2,826,817	12,101,846	8,385,392
1985	**43,363,896**	**7,634,874**	**2,977,486**	**12,297,568**	**8,617,835**

**NOTE: Provincial Health Tax increased from 10-25% March 13/81

LICENSES IN EFFECT AS OF MARCH 31, 1985 AND COMPARISON WITH 1984

	1985	1984
1. MILITARY CANTEEN LICENSES	26	24
MILITARY CANTEEN LICENSES WERE GRANTED TO:		
Garrison Junior Mess		
"B" Squadron All Ranks Mess		
2. CLUB LICENSES	70	70
CLUB LICENSES WERE GRANTED TO:		
Green Gables Golf Club		
River Resort Tennis Club		
3. DINING ROOM LICENSES	117	106
DINING ROOM LICENSES WERE GRANTED TO:		
Cape Cannery Lobster Suppers		
F & W Holdings		
Culinary Institute of Canada		
Champion House Restaurant		
Seven Keys Inn		
Chaplin's Cafe		
Little Christo's Cafe		
Smitty's Family Restaurant		
North River Restaurant		
Kings Restaurant		
Brackley Beach Lobster Suppers		
River Resorts Ltd.		
Summerside Gallery Restaurant		
King Palace Restaurant		
G.J.'s North		
4. LOUNGE LICENSES	54	49
LOUNGE LICENSES WERE GRANTED TO:		
F & W Holdings		
River Resort Ltd.		
Acadian Pioneer Village Co-Op.		
Chriskim Holdings Ltd.		
G.J.'s North		
Senator's House		

LICENSES VOLUNTARILY SURRENDERED

Club	**2**	**0**
1. Mill River Golf		
2. Brudenell Golf		
Dining Room	**4**	**4**
1. Canadiana		
2. House of Souris		
3. Blue Goose		
4. Hank's Bar-B-Q		
Lounge	**1**	**2**
1. House of Souris		

SUMMARY:

Military Canteen	**26**	24
Club	**70**	70
Dining Room	**117**	106
Lounge	**54**	49
	267	249

AUDITOR'S REPORT

To the Commissioners of the
P.E.I. Liquor Control Commission

I have examined the balance sheet of the Prince Edward Island Liquor Control Commission as at March 31, 1985, and the statement of income for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1985, and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

T. Kaptein, C.A.
Auditor General

Charlottetown, Prince Edward Island
June 5, 1985

STATEMENT 1

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
BALANCE SHEET
MARCH 31, 1985
(with comparative figures at March 31, 1984)

ASSETS

CURRENT ASSETS		1985		1984
Cash		$ 329,864		$ 164,291
Accounts receivable		15,086		25,674
Inventories - Note 1(b)		1,984,197		2,341,097
Prepaid expenses		37,818		18,571
		2,366,965		2,549,633
FIXED ASSETS				
Land-Cost		103,979		103,979
Buildings-cost	$2,693,348		$2,693,348	
Less: Accumulated Depreciation-Note 1(a)	1,190,448	1,502,900	1,055,762	1,637,586
Equipment-cost	417,621		428,085	
Less: Accumulated Depreciation-Note 1(a)	359,799	57,822	356,841	71,244
Leasehold Improvements -cost	269,788		262,139	
Less: Accumulated Amortization - Note 1(a)	210,390	59,398	199,169	62,970
		1,724,099		1,875,779
		$4,091,064		$4,425,412

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
BALANCE SHEET
MARCH 31, 1985
(with comparative figures at March 31, 1984)

LIABILITIES

CURRENT LIABILITIES	1985	1984
Trade accounts payable	$ 745,342	$ 473,854
Accounts payable - other	94,880	146,390
Accrued interest	43,441	47,248
Deferred revenue	7,360	5,169
Debentures payable - Province of P.E.I. - current portion - Note 3	68,371	59,905
Due to the Minister of Finance - Note 1(c)	1,475,940	1,876,972
	2,435,334	2,609,538

LONG TERM LIABILITIES				
Due to the Minister of Finance in respect of net fixed assets- Note 1(c)		1,061,329		1,153,102
Debentures payable- Province of P.E.I.- Note 3	$662,772		$722,677	
Less: Current Portion	68,371	594,401	59,905	662,772
		1,655,730		1,815,874
		$4,091,064		$4,425,412

(Notes 1 to 3 are an integral part of these financial statements)

ON BEHALF OF THE COMMISSION:

COMMISSIONER: A.B. WOOD
COMMISSIONER: WYLIE BARRETT

STATEMENT 2

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
STATEMENT OF INCOME
YEAR ENDED MARCH 31, 1985
(with comparative figures for the year ended March 31, 1984)

		1985		1984
SALES		$43,363,896		$41,303,258
Less:				
Provincial Health Tax	$ 7,634,874		$ 7,249,723	
Provincial Sales Tax	2,977,486	10,612,360	2,826,817	10,076,540
NET SALES		32,751,536		31,226,718
COST OF GOODS SOLD				
Beginning Inventory	2,341,097		2,328,676	
Purchases	20,097,068		19,137,293	
	22,438,165		21,465,969	
Ending Inventory	1,984,197	20,453,968	2,341,097	19,124,872
GROSS INCOME		12,297,568		12,101,846
EXPENSES				
Salaries and employee benefits	2,705,137		2,727,557	
Heat and electricity	220,409		222,320	
Rent - Note 2	180,534		168,727	
Depreciation	170,203		202,840	
Store supplies and Office expense	132,061		131,599	
Interest on long term debt	100,710		107,910	
Repairs and maintenance	100,525		79,974	
Insurance and taxes	89,182		99,876	
Travel	64,318		67,243	
Telephone and telegraph	33,253		33,891	
Professional services	35,429		25,110	
Miscellaneous	17,923		18,910	
Delivery	16,003		14,597	
Computer services	11,434	3,877,121	14,356	3,914,910
		8,420,447		8,186,936
OTHER INCOME		197,388		198,456
NET INCOME - Note 1(c)		$ 8,617,835		$ 8,385,392

(Notes 1 to 3 are an integral part of these financial statements)

PRINCE EDWARD ISLAND LIQUOR CONTROL COMMISSION
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 1985

1. **Summary of significant accounting policies**

   (a) **Depreciation and Amortization**

   Depreciation of buildings, furniture and equipment and amortization of leasehold improvements are calculated on a straight-line basis. This basis represents the estimated useful life of the buildings, furniture and equipment, and the terms of the leases.

   (b) **Inventories**

   Inventories are valued at cost based on the latest invoice price.

   (c) **Net Income**

   All net income of the Commission accrues directly to the Province. Transfers of net income are made to the Consolidated Fund on a continuing basis as excess cash becomes available. Any funds received from operations which are used to finance net additions to fixed assets are withheld by the Commission and treated as long term loans from the Province.

2. The Prince Edward Island Liquor Control Commission leases 5 retail outlets. All of these retail outlets have written lease agreements and the maturity dates for these leases are between 1986 and 1994. The leases have a total basic yearly rent of approximately $156,000.

3. **Debentures Payable**

	Balance March 31, 1985	Less Current Portion	Long Term Liability
Licensee Distribution Centre			
Repayable in equal annual installments of $75,764 including interest @ 12.5% per annum, maturing November 1, 1990.	$307,075	$37,380	$269,695
North Rustico			
Repayable in equal annual installments of $64,295 including interest @15.5% per annum, maturing September 1, 1991	263,500	23,454	240,046
Kensington			
Repayable in equal annual installments of $24,363 including interest @18% per annum, maturing January 1, 1992	92,197	7,537	84,660
	$662,772	$68,371	$594,401